

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01  
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01  
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04  
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07  
/099 W

-----241044Z 018895 /13

R 240817Z MAY 77

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 7249

INFO AMEMBASSY SINGAPORE

C O N F I D E N T I A L KUALA LUMPUR 3217

E.O. 11652: GDS

TAGS: ENRG, MY

SUBJECT: PETRONAS TO LOCATE SUPPLY BASE IN TRENGGANU

1. PETRONAS HAS ANNOUNCED THAT SUPPLY BASE FOR OFF-SHORE EAST COAST OF PENINSULAR MALAYSIA OIL FIELDS WILL BE PLACED IN CHUKAI, MEMAMAN, TRENGGANU RATHER THAN KUANTAN, PAHANG. THIS DECISION FOLLOWS INTENSIVE LOBBYING EFFORT BY TRENGGANU STATE GOVERNMENT TO ENSURE THAT TRENGGANU RECEIVES MAXIMUM ECONOMIC BENEFITS FROM ITS OFF-SHORE OIL DEPOSITS. AN AMERICAN FIRM, BURBANK INTERNATIONAL, ALONG WITH MALAYSIAN INTERESTS, HAS REPORTEDLY RECEIVED CONTRACT TO OPERATE THIS FACILITY.

2. EXXON REP HAS INFORMED EMBASSY THAT THEY WILL CONTINUE TO OPERATE OUT OF KUANTAN UNTIL FACILITIES IN CHUKAI ARE COMPLETED. THESE FACILITIES WILL HAVE TO INCLUDE DEEP WATER PORT FACILITY AND HELICOPTER SUPPORT BASE WHICH DO NOT PRESENTLY EXIST.

3. EMBASSY HAS ALSO BEEN INFORMED THAT HIGH LEVEL TRENGGANU GOVERNMENT OFFICIALS HAVE SIGNIFICANT INVESTMENTS IN HOUSING AND SHOPHOUSES IN CHUKAI THAT ARE PRESENTLY VACANT. MORE CYNICAL LOCAL OBSERVERS ATTRIBUTE THIS FACT AS PRIMARY REASON FOR EXTENSIVE  
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LOBBYING TACTICS OF TRENGGANU STATE GOVERNMENT.

4. COMMENT: MOVEMENT OF SUPPLY BASE FROM EXISTING FACILITIES IN KUANTAN (NOT NEW GELANG PORT) TO CHUKAI, WHICH ON ECONOMIC BASIS MAKES LITTLE SENSE, IS AN EXAMPLE OF TYPES OF PRESSURE BEING PUT ON PETRONAS. NOTE: THIS DOES HOWEVER COVER GOM'S COMMITMENT TO DEVELOP POORER REGIONS OF THE

COUNTRY. PETRONAS IS BEING HARD HIT BY LARGE NUMBERS  
OF GROUPS AND INDIVIDUALS WHO ALL WANT TO CASH IN ON OIL  
"BONANZA". TO DATE PETRONAS HAS BEEN ABLE TO STAND UP  
TO THESE ELEMENTS ON MOST DECISIONS IN AN EFFORT TO  
RATIONALIZE REAL NATIONAL INTERESTS RATHER THAN JUST  
THOSE OF A FEW. IN DOING SO PETRONAS HAS ESTABLISHED  
A REPUTATION FOR BEING CLEAN AND HONEST. IT WILL BE  
INTERESTING TO SEE WHETHER THIS REPUTATION CAN BE  
MAINTAINED IN LIGHT OF LARGE AMOUNTS OF MONEY INVOLVED  
IN LOCAL PETROLEUM INDUSTRY.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Subject:** PETRONAS TO LOCATE SUPPLY BASE IN TRENGGANU  
**TAGS:** ENRG, MY, PETRONAS  
**To:** STATE  
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**Review Markings:**  
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